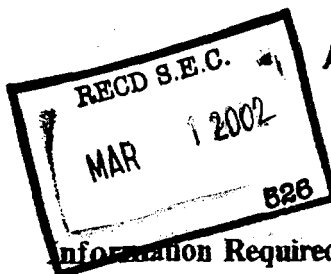
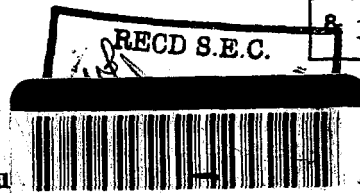
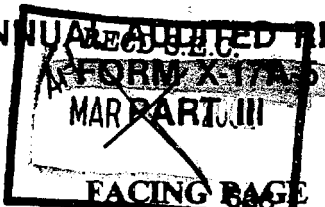


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: September 30, 1998  
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hours per response . . . 12.00



ANNUAL REPORT



SEC FILE NUMBER  
8 33983

Information Required of Brokers and Dealers Pursuant to  
Securities Exchange Act of 1934 and Rule

02019855

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Investment Centers of America, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5555 Grande Market Drive

(No. and Street)

Appleton

WI

54913

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Stephan R. Pene

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KPMG LLP

(Name — if individual, state last, first, middle name)

355 South Grand Avenue, Suite 2000 Los Angeles CA 90071

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED

P APR 01 2002

THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Stephan R. Pene, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Investment Centers of America, Inc., as of December 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Stephan R. Pene  
Signature  
Vice President, Controller  
Title

Cindy Atencio  
Notary Public



This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**INVESTMENT CENTERS OF AMERICA, INC.**  
(A Wholly Owned Subsidiary of IFC Holdings, Inc.)

**Index to Statement of Financial Condition**

	<b>Page</b>
Independent Auditors' Report	1
Statement of Financial Condition	2
Notes to Statement of Financial Condition	3



355 South Grand Avenue  
Suite 2000  
Los Angeles, CA 90071-1568

## Independent Auditors' Report

The Board of Directors and Stockholder  
Investment Centers of America, Inc.:

We have audited the accompanying statement of financial condition of Investment Centers of America, Inc (a wholly owned subsidiary of IFC Holdings, Inc.) as of December 31, 2001. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit of a statement of financial condition includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit of a statement of financial condition also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

January 25, 2002



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is  
a member of KPMG International, a Swiss association.

**INVESTMENT CENTERS OF AMERICA, INC.**  
(A Wholly Owned Subsidiary of IFC Holdings, Inc.)

Statement of Financial Condition

December 31, 2001

**Assets**

Assets:

Cash and cash equivalents	\$ 7,481,826
Commissions receivable	1,839,360
Marketable securities, owned at fair value	3,300
Forgivable notes receivable, net of accumulated amortization	3,243,366
Other receivables	360,086
Due from affiliate	24,750
Deferred tax asset	679,258
Fixed assets, net of accumulated depreciation of \$155,006	235,554
Other assets	418,826
Goodwill, net of accumulated amortization	4,705,343
Total assets	<u>\$ 18,991,669</u>

**Liabilities and Stockholder's Equity**

Liabilities:

Commissions payable	\$ 1,345,592
Accounts payable and other accrued expenses	3,126,919
Payable to affiliates	425,658
Total liabilities	<u>4,898,169</u>

Stockholder's equity:

Common stock, \$1 par value. Authorized 23,000 shares; issued and outstanding 14,000 shares	14,000
Additional paid-in capital	13,629,798
Accumulated earnings	449,702
Total stockholder's equity	<u>14,093,500</u>
Total liabilities and stockholder's equity	<u>\$ 18,991,669</u>

See accompanying notes to financial statements.

**INVESTMENT CENTERS OF AMERICA, INC.**  
(A Wholly Owned Subsidiary of IFC Holdings, Inc.)

Notes to Statement of Financial Condition

December 31, 2001

**(1) Organization and Significant Accounting Policies**

**(a) *Organization***

Investment Centers of America, Inc (the Company) is a wholly owned subsidiary of IFC Holdings, Inc. (IFC). IFC is an indirect, wholly owned subsidiary of Prudential plc.

The Company is a registered broker-dealer with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers. The Company provides "introducing" broker-dealer services to customers of subscribing financial institutions located throughout the United States.

**(b) *Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand and in banks including money market, demand deposits, commercial paper, and certificates of deposit with maturities of three months or less and money market mutual funds.

**(c) *Commission Revenue and Commission Expense***

Securities transactions and the related commission revenue and expense are recorded on a trade-date basis.

**(d) *Marketable Securities***

Securities are recorded at fair value based on quoted market prices. Any changes in value are reflected in earnings.

**(e) *Fixed Assets***

Fixed assets are carried at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis using the estimated useful lives of the assets. Fixed assets consist primarily of computers and software which are depreciated over three to five years.

**(f) *Goodwill***

Goodwill, which represents the excess of cost over net assets acquired, is amortized on a straight-line basis over 15 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows.

**(g) *Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**INVESTMENT CENTERS OF AMERICA, INC.**  
(A Wholly Owned Subsidiary of IFC Holdings, Inc.)

Notes to Statement of Financial Condition

December 31, 2001

**(h) Recent Accounting Pronouncements**

In July 2001, the FASB issued Statement No. 142, *Goodwill and Other Intangible Assets*. Statement No. 142, which was adopted on January 1, 2002, requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually and intangible assets with definite useful lives be amortized over their respective estimated useful lives and reviewed for impairment. With the adoption of SFAS No. 142, the Company no longer amortizes goodwill and management does not expect a transitional impairment loss on goodwill will be required to be recognized as a cumulative effect of a change in accounting principle.

**(2) Income Taxes**

Deferred tax assets and liabilities, if any, are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company is included in a consolidated federal income tax return with Holborn Delaware Partnership (Holborn), also an indirect, wholly owned subsidiary of Prudential plc. The Company's tax-sharing agreement with Holborn is based on separate return calculations. The Company has a right to reimbursement for the utilization of its losses in the consolidated tax return. Intercompany balances are generally settled on a quarterly basis.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities are deferred compensation and accrued expenses.

**(3) Clearing Agreement**

The Company is an introducing broker and clears transactions with and for customers on a fully disclosed basis with Pershing, a division of Donaldson, Lufkin, and Jenrette Securities Corporation, and Miller, Johnson & Kuehn, Incorporated (MJK). The Company promptly transmits all customer funds and securities to Pershing and MJK. In connection with this arrangement, the Company is contingently liable for its customers' transactions.

**(4) Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (Rule 15c3-1) and is required to maintain minimum "net capital" equivalent of \$50,000, or 6-2/3% of "aggregate indebtedness," whichever is greater, as these terms are defined. Rule 15c3-1 prohibits a broker-dealer from engaging in any securities transactions when its "aggregate indebtedness" exceeds 15 times its "net capital," as those terms are defined by Rule 15c3-1. At December 31, 2001, the Company had net capital of \$3,571,698, which was \$3,245,152 in excess of its requirement. The Company's ratio of aggregate indebtedness to net capital was 1.37 to 1.

**INVESTMENT CENTERS OF AMERICA, INC.**  
(A Wholly Owned Subsidiary of IFC Holdings, Inc.)

Notes to Statement of Financial Condition

December 31, 2001

**(5) Forgivable Notes Receivable**

The Company holds forgivable notes from certain registered representatives. Under the terms of the loans, the principal and interest, if any, are forgiven on a variety of schedules. The forgiveness of the notes is contingent upon the continued affiliation of the representative and the representative achieving agreed-upon production levels, measured in terms of gross dealer concessions.

The Company records amortization of the principal balance of the notes monthly on a straight-line basis over the term of the note.

**(6) Defined Contribution Plans**

The Company has a defined contribution retirement plan covering all eligible full-time employees. The Company's annual contributions are based on a percentage of covered compensation paid to participating employees during each year.

**(7) Related Party Transactions**

The Company leases an office facility in North Dakota from a member of the Company's board of directors.

The Company pays a portion of management salaries and software expense to SII Investments, Inc. (SII) (which is an indirect, wholly owned subsidiary of Prudential plc) in exchange for commission processing and compliance services.

The Company receives a management fee from certain affiliated companies which are themselves wholly owned subsidiaries of IFC.

**(8) Representative Deferred Compensation Program**

The Company has a nonqualified deferred compensation plan for certain independent contractors of the Company. The Company's annual contributions are based on commission revenue production of participating independent contractors during the year. An asset and corresponding liability are included in the statement of financial condition for \$1,811,538.



**INVESTMENT CENTERS OF AMERICA, INC.**  
(A Wholly Owned Subsidiary of IFC Holdings, Inc.)

Statement of Financial Condition

December 31, 2001

(With Independent Auditors' Report Thereon  
Filed in Accordance with Rule 17a-5 of the  
Securities and Exchange Act of 1934)